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FIRST ANNUAL REPORT

OF THE

Sonora Exploring and Mining Company,

MADE TO THE

STOCKHOLDERS, MARCH 16, 1857.

The object for which the Sonora Exploring and Mining Company was formed is one of great interest at the present time. The United States had spent Ten Millions of Dollars in the purchase of a strip of country taken from Sonora, in Mexico. This strip situated, between the immensely valuable gold-bearing State of California and the equally valuable silver-producing States of Mexico, might, from analogy of geographical position and geological formation, be supposed to contain valuable minerals, which needed only enterprise and labor to develop. Convinced of this fact, as well from personal knowledge as from the testimony of others, the projectors of this company set out a year ago with the determination of exploring this region, then under the absolute dominion of the tribe of Apache Indians, who had more than a hundred years ago destroyed the early settlements of the Spanish, and driven them to the more southern provinces. To do this with safety, it was necessary to send an armed party, of sufficient strength to protect itself under any contingency, and to maintain its position against any force of Indians that might be expected to attack it. When the work of exploration was brought to a successful issue, the same party were to hold possession and protect the miners and laborers that were needed to develop the property acquired.

HISTORY OF THE COMPANY.

Such was the object of the projectors of this important enterprise. On the 24th of March, 1856, the company was formally organized, articles of association drawn up, and officers elected. Col. Charles D. Poston, a gentleman of experience in this territory, was selected as the Military Commandant of the exploring party and Agent of the company in Sonora. He was entrusted with the important duty of forming the party, procuring the necessary scientific aids, and the selection of mines and lands. In his letter of instruction he was directed to explore from the Rio Grande to the Colorado, and examine the mineral deposits of this region; to seek for abandoned mines, and to select the best location for the permanent operations of the company, that his explorations and opportunities of information might dictate. In all cases to prefer silver to gold, and to locate as near the navigable waters of the Pacific as might be consistent with the possession of the best and most promising property. In compliance with these instructions, Mr. Poston proceeded to San Antonio, in Texas, and there outfitted his party. Some delay was experienced at San Antonio, in consequence of the non-arrival of the arms and military equipments sent from Cincinnati for the use of the party. On the reception of these, Mr. Poston and his party set out on their expedition, and arrived safely at the Rio Grande. Here the party rested to recruit the animals and refresh the men. While resting here, offers of mines near the Rio Grande were entertained and forwarded to the Directory; these were duly received and considered. They were not accepted, in consequence of higher anticipations at the west. Leaving the Rio Grande, the party visited the copper mines near that river, and forwarded their report on them. They next followed Gray's Route as far as La Puerta, which they pronounce to be the best pass for railroad purposes, or for emigration, in that whole chain. Thus far the incidents of the expedition had been attended with but little serious danger. At La Puerta, however, they encountered a war party of fifty Coyotero Apaches, returning from a foray into Mexico; but prompt and decisive action on the part of the Commandant deterred the Indians from an attack that was doubtless premeditated. The energy and decision displayed by their agent in this matter shows the selection of the company to have been well made. Passing on to the west, by Park's route, they found considerable obstructions; but, having surmounted all, arrived safely at Tucson in the latter part of August. Here they were joined by Mr. Ehrenberg, a geologist of great experience in this section, and whose accession to the company was considered very desirable. The headquarters of the company were established at Tubac, which, under Mexican rule, was the center of operations in this region, and to our company was a very desirable location, from its pure air, good water, and abundance of grass and wood. The party are now safely established there, and have permanent buildings and secure defences in case of attack. The danger of this, however, has been greatly lessened by the arrival of Major Stein and his command of United States dragoons, established at Calabazas, within fifteen miles of Tubac. This fortunate circumstance relieves our party at once of the care and trouble of Indian fights, and leaves them free to engage in their mining pursuits with perfect safety.

The attention of the party was first directed to the Santa Rita Mountains, where indications of ore were found. These, being traced up, led to the discovery and occupation of the old works known by tradition as the Salero and Ojero mines, and to the discovery of twenty-two new veins of silver ore in the same mountains; all of which were at once occupied, and measures taken to give the company a legal title to the same. A permanent camp was established, and miners set immediately at work cleaning out the old shafts and opening new ones. According to tradition, the last attempt to work these mines was thirty-five years ago, when the whole party were killed by the Apaches. Their ruined huts still remain, and attest the fact of their occupation. The mines were said to yield ten per cent. of pure silver. The Salero (salt cellar) mine took its name from the incident which gave rise to its occupation. When the Bishop of Tumacacori, a mission three miles south o Tubac, came to take charge of his diocese, he complained much of the hardships he had to undergo in this northern province compared with the luscious fare and rich viands of his former residence at the south, and one day at table said he had not even a salt cellar to hold his salt. One of his zealous parishioners said

"Wait until next Sunday and I will bring you one." He immediately took to the mountains, and fashioned a rude salero from the silver mine in the Santa Rita Mountains, which in due time graced the Bishop's table, and gave its name to the mine. The Ojero owes its name to blue spots in the ore, resembling the blue under the eyelid. One of the new veins upon which work has been commenced contains lead with the silver, and is said to be rich. In consequence of the want of suitable chemicals, no accurate assays had been made; but the blowpipe tests of the scientific gentlemen, who accompanied the expedition, show that these ores will well pay the trouble of working them.

The fine old ruins of the mission of Tumacacori show this to have been an important point with the Spanish Jesuits who first opened these mines. The company immediately set to work building a muffle oven, and it is now in blast and works to their entire satisfaction. From the small amount of rubbish found on the outside of the mine the party were led to believe that the shaft had not been driven to any great depth. Advices as late as the first of January, however, state that the miners had reached a depth of sixty feet, and were not yet to the bottom. The vein held good and regular. We are, therefore, led to infer that the ores taken out were rich enough to warrant transportation, and were nearly all taken away from the mine for the purpose of smelting, in which case the propriety of going to the bottom would be all the more evident.

Dispatches dated the first of January have been received from the agent of the company, announcing the gratifying and important fact that he had concluded the purchase of the Arivaca Ranche from the Mexican owners. This ranche is situated twenty miles west of Tubac, and contains four leagues (seventeen thousand acres) of land, susceptible of cultivation, and includes within its boundaries twenty-five well known silver mines that were worked by the Spaniards, and probably many more unopened and undiscovered. Copies of the title papers, vesting the fee simple and absolute in the President of this company and his successors in office, in trust for the stockholders, forever, duly acknowledged and recorded, are now on file in the office of the company. The landmarks of this ranche are testified, by competent legal officers, to be the same that they were in 1802, and possession and occupancy was delivered immediately; so that the Sonora Exploring and Mining Company now stand sole owners and occupants of the famous old mining ranche of Arivaca, or, as the Mexican records give its name, "La Aribac." Its mineral resources will be immediately developed, and the stockholders may entertain a reasonable expectation of a remuneration for the expenses of the explorations and purchase.

VALUE OF THE MINES.

It is almost impossible to give an adequate idea of the value of the mines already acquired by this Company, because they are as yet undeveloped, and their richness unknown. It is a conceded fact, however, that the characteristics of the mines of Southern Mexico, which have given the nobility of that country their immense landed estates, were rather the abundance than the richness of their ores. That in many instances these mines were worked to a depth of several thousand feet, and still repaid their owners with immense fortunes every year. Ward states that Zambrano paid, as his tax of one-fifth the proceeds of his mine, $11,000,000. The mine of Arevalo, in 1811, yielded in seven weeks $200,000 from one level called El Divino Pastor. The Biscaina vein, which, in 1726, had produced $4,341,600, and was subsequently abandoned on account of water, was re-opened in 1762, and in twelve succeeding years produced $6,000,000. The mines discovered by the Indian brothers Arauco, in the district of Morelos, in 1825, produced in two months $270,000. In 1825 the owner of the mine of Nuesta Sonora de Guadalouple refused $1,000,000 for the privilege of working it *three* years.

Humboldt estimated the whole produce of the Mexican mines in 1803, at $1,767,952,000.

The northern mines are conceded to be richer in the quality of their ores, and to be nearer the surface. Indeed the veins now owned by this Company all outcrop on the surface, and can be distinctly traced along the soil. The proceeds of the Stevenson mine near the Rio Grande, at the farthest possible spot from navigation, worked by a Mexican lessee, without enterprize, capital, skill, or even a sufficient supply of hands, the ores of which yield but 2½ per cent. of pure silver, and have to be transported twelve miles on mule-back to the smelting Hacienda, are stated to be now over twelve thousand dollars per annum. The officers of your Company therefore believe that they make a low estimate when they state that each vein of silver now in your possession, when worked with skill and energy, will yield the Company a nett profit of at least ten thousand dollars per annum. The annual results may then be put down as follows:

ANNUAL PRODUCE.

Salero and Ojero mines at $10,000 each	$20,000
22 new veins in Santa Rita mountains	220,000
25 mines at La Aribac	250,000
Total annual product	$490,000

And this estimate is irrespective of any new veins that may be discovered and opened and of the agricultural value of the ranche, which, in that section, must be very great. That these views are borne out by the agent of the Company and the scientific gentlemen on the expedition, you will readily perceive from the following extracts from his letter of January 1, in which, after announcing the purchase of the Arivaca Ranche, he states, "This is a great acquisition, of value beyond computation or present imagination, because its resources are entirely undeveloped and unknown. The boundaries include four leagues, and inside of these boundaries are known to exist twenty-five or thirty silver mines which were worked by the Spaniards, and we may reasonably conclude many more different and distinct mines may be found on the same place unopened and undiscovered. This tract contains more mines than any other body of land in the territory, of the same size, and perhaps in the world; and is well known to Maj. Emory, Lt. Michler, Col. Gray and all the military and scientific men who have visited this country. I would not give it for a German dukedom, because it is intrinsically and really worth more, and will become more and more valuable as developments and discoveries are made, for years."

Such is the opinion of your agent, borne out by that of practical men who have been in person on this estate. The officers would, therefore, congratulate the Company on its fortunate acquisition, and express their belief that the developments of the future will warrant their present convictions. But, to do this, means must at once be forwarded to place these mines in a state of rapid and permanent development. The appliances of an assay office and dies and machinery for coinage, should at once be sent. A stock of goods to be employed, as stores for the miners, and to supply the wants of the surrounding country, should be forwarded without delay, and such other measures taken as will place the immensely valuable estate of this Company in a stage of rapid and profitable development.